

California High-Speed Rail Project



Summary of Major Changes Between:

Draft 2012 Business Plan (November 1, 2011)

Revised 2012 Business Plan (April 12, 2012)

April 2012

On November 1, 2012, the California High-Speed Rail Authority (Authority) released a Draft 2012 Business Plan (Draft Plan) for public review and comment. The Draft Plan laid out a roadmap for how the high-speed rail system could be implemented.

Following its release, the Authority solicited, reviewed and considered comments from a broad range of interested parties. Public meetings to receive comments were held in Sacramento, Merced, and Los Angeles. The Draft Plan was the focus of several legislative hearings that included public participation. Numerous meetings and discussions were held around the state with a wide range of stakeholders. Input was received from the California High-Speed Rail Peer Review Group, the Legislative Analyst's Office, and the Bureau of State Audits. More than 250 comments were submitted to the Authority's website and through letters.

The wide array of input, along with further analysis by the Authority, has resulted in significant changes which are presented in the Revised 2012 Business Plan (Revised Plan), approved by the Board on April 12th, 2012.

This document highlights the major changes and new developments, by chapter, as presented in the Revised Plan. The Draft Plan remains available as a reference document on the Authority's website, www.cahighspeedrail.ca.gov.

Executive Summary: Better, Faster, Cheaper

- Identifies the blended approach as the preferred implementation strategy
- Lays out the priorities for early investment including: provide early unified rail service in Northern California, close the intercity passenger rail gap between Bakersfield and Palmdale, electrify Caltrain, and upgrade Metrolink
- Introduces the preferred implementation strategy to build the IOS from Merced to the San Fernando Valley, with cap-and-trade funds identified as being available, as needed, upon appropriation, as a backstop against federal and local support
- Provides updated cost estimates, ridership forecasts, and other results

Chapter 1: High-Speed Rail's Place in California's Future

- Adds summary of the history of high-speed rail planning in California; includes language from SB 1420, the California High-Speed Rail Act (1996)
- Moves alternative capacity analysis from Chapter 1 to Chapter 3: Capital Costs
- Adds discussion of California counties designated as Economically Distressed Areas (EDAs)
- Expands sustainability discussion to include Authority's intent to take a net-zero approach to renewable energy and to efforts to support local municipalities in station area planning to facilitate mode shift

Chapter 2: The Implementation Strategy: Blending, Phasing, Investing in Early Benefits

- Adopts blended systems and operations as key element of implementation strategy
- Adopts early investment strategy on the bookends including early commitments to Caltrain electrification and Metrolink upgrades
- Introduces the Unified Northern California service on the first high-speed rail construction section, Amtrak, and ACE
- Confirms the preferred implementation strategy to build the Initial Operating Section from Merced to the San Fernando Valley
- Introduces the high-priority goal to close the gap in the state rail system between Bakersfield and Palmdale
- Adds a summary of CEQA litigation and the high-speed train connection to the Bay Area

Chapter 3: Capital Costs

- Updates current year capital cost estimates from 2010 dollars to 2011 dollars
- Presents updated capital cost estimates for constructing the Phase 1 Blended system
- Provides a comparison of the cost to construct the Phase 1 Full Build to the Phase 1 Blended system
- Includes presentation of capital cost estimates in year-of-expenditure dollars
- Modifies discussion of shared benefits and costs
- Includes discussion of Authority's use of design-build approach to project development
- Initial Operating Section (IOS) costs are presented only for the IOS South
- Moves alternative capacity analysis from Chapter 1 to Chapter 3; clarified purpose of and approach to the analysis; presents additional analysis conducted based on Caltrans methodology and assumptions

Chapter 4: Business Model

- Confirms private sector timing and interest with industry interviews and first RFQ
- Clarifies early role of private sector
- Clarifies approach to early operator involvement

Chapter 5: Ridership and Revenue

- Presents data and analysis for Phase 1 Blended system
- Includes further findings and recommendations of the independent Ridership Peer Review Panel based on the August—December 2011 review period
- Discusses the inputs to the model that have been updated and refined to use recent data and to reflect a broader range of scenarios, including recent gasoline price forecasts from the Energy Information Administration (EIA) and new socioeconomic data
- Includes a wider range of ridership and revenue forecasts that have been introduced to better incorporate possible outcomes presented in three ridership/revenue scenarios
- Notes that post-model adjustments have been eliminated to reduce the potential for error, bias, or inconsistency
- Includes discussion of how the model was tested against actual conditions and external forecasts that demonstrated its reliability (the model was tested with actual circumstances in the Northeast Corridor to demonstrate the reliability of outputs)

Chapter 6: Operating and Maintenance Costs

- Includes refined operations planning and cost estimates that reflect the phased implementation of the HSR program
- Discusses additional “benchmarking” that was undertaken to validate the assumptions used to estimate O&M costs including comparisons to published Amtrak Next Generation High Speed Rail costs
- Includes updated estimates to include costs for Phase 1 Blended operations

Chapter 7: Funding and Financing

- Financial plan adjusted for IOS
- Analysis of Phase 1 Blended system
- Cash flows through 2060 provided including total revenue, O&M and other costs
- Adds payback period analysis including its external review
- Clarifies use of terminology related to cash flow from operations
- Additional analysis of alternative scenarios

Chapter 8: Risk Identification and Mitigation

- Updates mitigations for recent activities
- Adds specific discussion of risks and mitigations related to early construction of IOS
- Includes discussion of Phase 1 Blended

Chapter 9: Economic Impacts

- Updates Benefit-Cost Analysis (BCA) with results from updated ridership estimates, 2011 data, and a more conservative discount rate
- Includes new analysis of the economic and fiscal impacts of building the first construction section of the IOS
- Provides BCA, jobs from construction, and O&M jobs estimates to include Phase 1 Blended estimates